

Energy Situation Analysis Report

Last Updated: April 2, 2003

Next Update: April 3, 2003

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Latest World Oil Market Developments

- As of 7:45 am Wednesday, the near-month WTI futures contract was at \$28.79 per barrel in overnight ACCESS trading, down \$0.99 per barrel from yesterday's closing price, on news of coalition forces continuing their drive northward.
- The near-month (May) West Texas Intermediate (WTI) crude oil futures contract settled at \$29.78 per barrel on Tuesday (4/1), down \$1.26 per barrel, or 4.1 percent, from Monday. Prices have fallen 26 percent from a 12-year high of \$39.99 a barrel reached on February 27. Prices fell after Nigeria's largest union, the Nigeria Labour Congress, called off a planned 3-day strike that had been scheduled to start Tuesday, averting a possible worsening of the situation there. Oil prices fell further after Saddam Hussein failed to appear at a televised speech, which was read instead by Iraq's information minister Mohammed al-Sahaf. [more...](#)

Production/Export/Infrastructure Developments

IRAQ: A shortage of water and an equipment failure prevented firefighters on Monday (3/31) from quenching the last fires raging at sabotaged oil wells in one of Iraq's biggest oil fields. To increase their water supply, firefighters from Boots & Coots International Well Control and the Kuwait Oil Co were preparing lagoons in the desert Wednesday to extinguish the last two fires at sabotaged oil wells in Iraq's Rumaila South oil field.

- At the Turkish port of Ceyhan, 8.3 million barrels of Iraqi oil worth nearly \$200 million are in storage waiting to be sold. UN diplomats and officials say employees of the Iraqi oil company stationed in Turkey have been unable to contact their counterparts in Baghdad to gain the paperwork needed for the approval. With the storage tanks almost full, the reduced flow of oil through Iraq's northern pipeline will stop and the wells supplying it shut down.
- Oil is not leaving Iraq's Persian Gulf port of Mina al-Bakr, although the tanker loading facility reportedly has not been damaged.
- Iraqi oil exports through the U.N. "Oil-for-Food" program are halted, with the last ship having loaded oil from storage tanks at Turkey's port of Ceyhan March 20.

PERSIAN GULF COUNTRIES:

Oil operations in [Kuwait](#) have not been disrupted, with no damage having been reported despite several Iraqi missile attacks on Kuwaiti territory. Kuwait also is reported to have restarted its 40,000-barrel-per-day, northern Ratqa field, an extension of Iraq's Rumaila field, which had been shut down in the weeks leading up to war.

- Kuwait reportedly is producing above its maximum sustainable capacity as a result of a decision to "surge" its oil production temporarily.
- Shell reportedly has halted production at Iran's 60,000-barrel-per-day Soroosh field in the northern Gulf due to safety concerns.
- No other problems in the Persian Gulf have been reported.

Non-GULF SUPPLY: Production in [Nigeria](#) remains constrained due to ethnic unrest in the Niger Delta. Thus far, the total amount of production disrupted is about 800,000 barrels per day, reducing production to 1.4 million barrels per day (MMBD).

- Early Tuesday (4/1), Nigeria's largest union -- the Nigeria Labour Congress -- called off a planned 3-day strike that had been scheduled to start today. Despite assurances from the Nigerian armed forces that violent unrest has been brought under control, ChevronTexaco and Royal Dutch/Shell said that they had no immediate plans to return to their evacuated facilities in the delta.
- Shell production is down by 320,000 barrels per day. After reducing its Forcados output by 370,000 barrels per day on Monday (3/24), Shell on Tuesday raised its Bonny Light output by 50,000 barrels per day from other fields in Nigeria.
- Chevron has closed most of its operations on 3/26 and shut-in 440,000 barrels per day of Escravos production. Ethnic Ijaws have accused ChevronTexaco of allowing Nigerian security services to use the Escravos oil export terminal as a base. ChevronTexaco has insisted that it is not involved in the conflict.
- TotalFinaElf has shut down some operations.
- [Venezuelan](#) production is widely believed -- by striking workers and independent analysts -- to be around 2.4-2.6 MMBD. State oil company PdVSA, on the other hand, estimates current production at around 3 MMBD, close to pre-strike output levels.

- OPEC Crude Oil Output** - EIA has updated its April current production estimates to reflect recent increases in production in Saudi Arabia (from 9.5 to 9.6 million barrels per day (MMBD)); Algeria (from 1.1 to 1.2 MMBD); Venezuela (from 2.3 to 2.5 MMBD); and a temporary surge in Kuwaiti production (from 2.4 to 2.45 MMBD).

- [Latest OPEC Production Table](#)

Oil Supply Disruption Summary

- EIA is assuming that the flow of Iraqi oil exports has been stopped for the most part, resulting in a gross supply disruption of around 1.9-2.0 MMBD.
- Approximately 800,000 barrels per day of Nigerian production currently is shut in due to civil unrest.
- Combined with other lost oil production from Iran's Soroosh field, the gross oil supply disruption for these countries is estimated at 2.7-2.8 MMBD. Venezuela also continues to produce at levels below its November 2002 output, prior to strikes and unrest in that country.

[more...](#)

Latest U.S. Petroleum Information

- With the high level of imports seen during the week ended March 22 (Venezuelan imports near normal), U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 3.7 million barrels. However, with crude oil refinery inputs relatively unchanged, inventories for distillate increased by 2.3 million barrels whereas gasoline inventories fell by 2.1 million barrels.
- The U.S. average retail price for regular gasoline fell last week for the second week in a row. Prices dropped by 4.1 cents per gallon as of March 31 to hit 164.9 cents per gallon, which is still 27.8 cents per gallon higher than a year ago. This is the largest one-week price decrease since prices fell by 4.4 cents on October 22, 2001. The decline reflects, in part, the reduction in crude oil prices recently. [more...](#)

Special Topics and Energy Supply Security

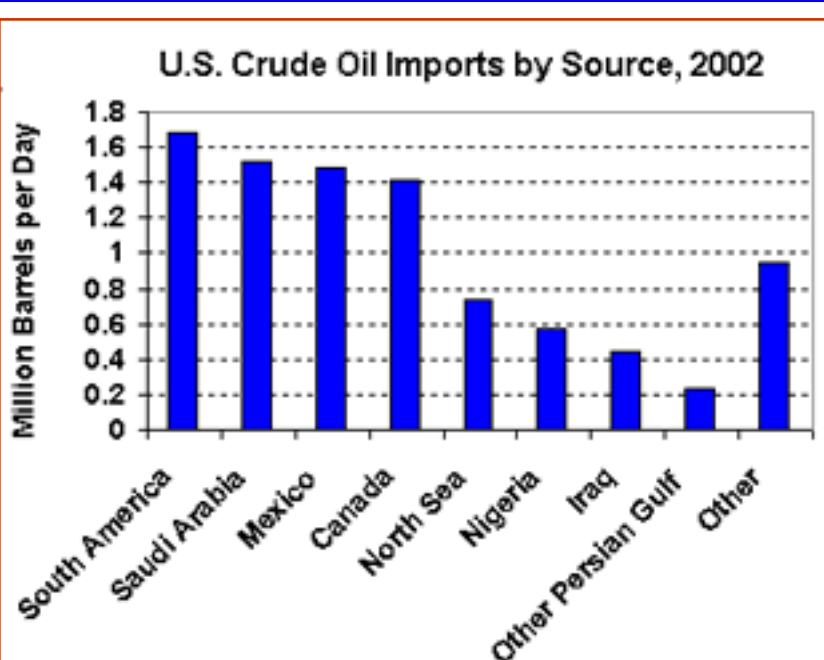
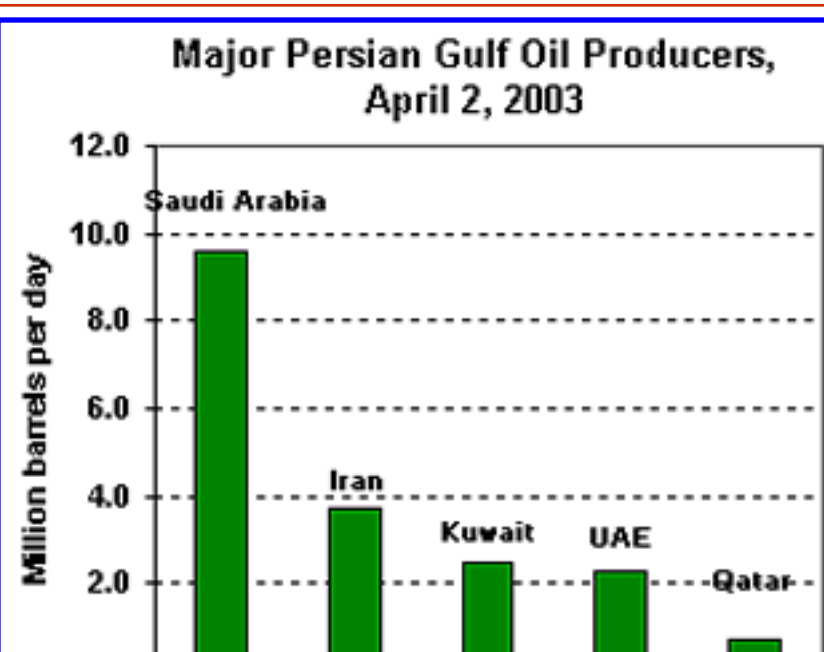
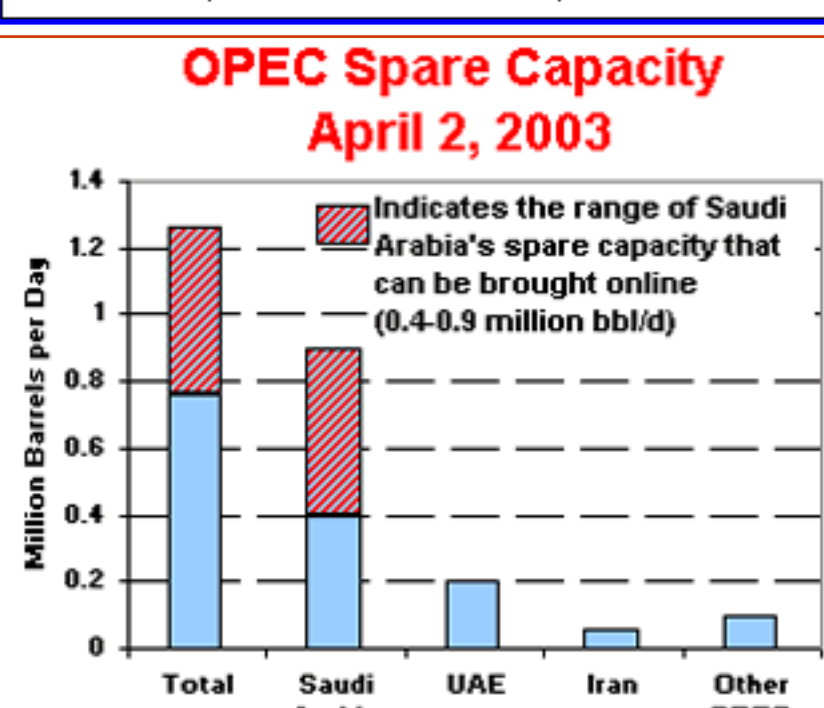
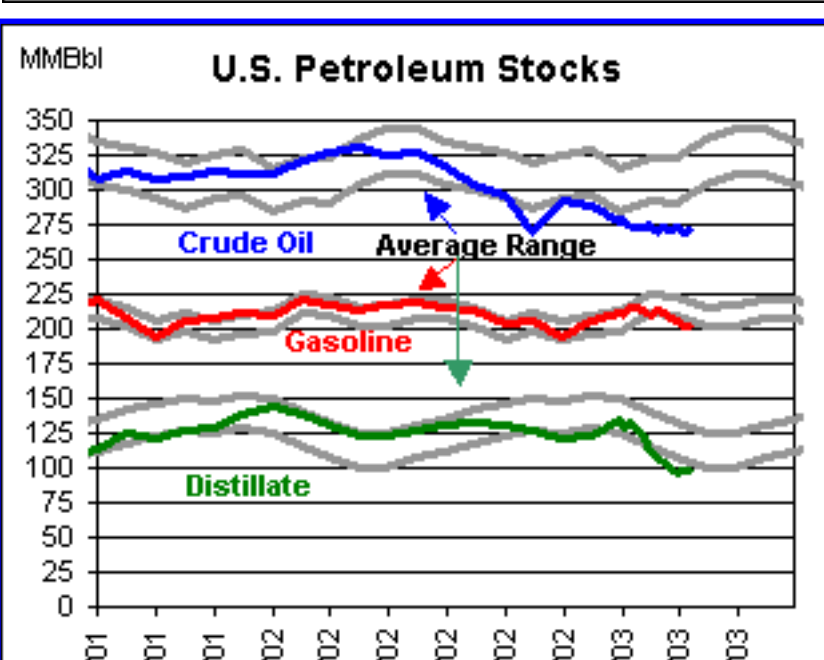
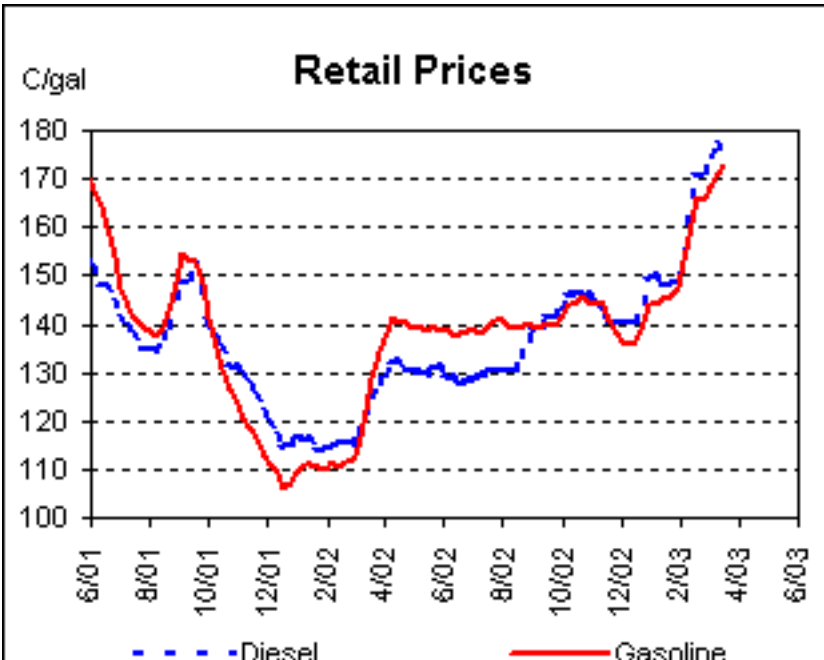
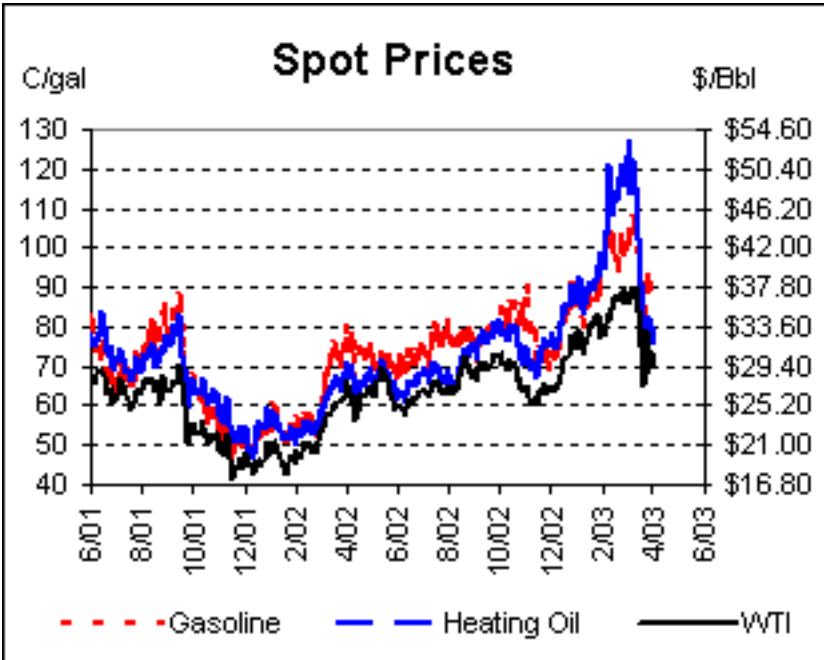
For background information concerning [previous oil supply disruptions](#), energy supply vulnerability, infrastructure, and more. The current featured "special topics" provides a discussion of [gasoline pricing behavior](#) and a summary of [Iraq's oil infrastructure](#).

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Energy Prices*

NYMEX Futures	4/1/03	3/31/03	Change	3/12/03
WTI (\$/Bbl)	29.78	31.04	-1.26	37.83
Gasoline (C/gal)	91.42	94.44	-3.02	111.39
Heating Oil (C/gal)	74.09	79.24	-5.15	103.52
Natural Gas (\$/MMBtu)	5.13	5.06	+0.07	5.87
Spot Prices				
WTI (Cushing, OK)	29.48	31.14	-1.66	37.87
Gasoline (NYH)	86.24	90.92	-4.68	105.08
Heating Oil (NYH)	75.78	79.62	-3.84	115.45
Jet Fuel (NYH)	76.65	80.12	-3.47	112.45
Natural Gas (Henry Hub)	4.90	5.01	-0.11	5.80

***Definitions**





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Latest Oil Market Developments

(updated April 2, 2003)

The near-month (May) West Texas Intermediate (WTI) crude oil futures contract settled at \$29.78 per barrel on Tuesday (4/1), down \$1.26 per barrel, or 4.1 percent, from Monday. Prices have fallen 26 percent from a 12-year high of \$39.99 a barrel reached on February 27. Prices fell after Nigeria's largest union, the Nigeria Labour Congress, called off a planned 3-day strike that had been scheduled to start Tuesday, averting a possible worsening of the situation there. Oil prices fell further after Saddam Hussein failed to appear at a televised speech, which was read instead by Iraq's information minister Mohammed al-Sahaf.

As of 7:45 am Wednesday, the near-month WTI futures contract was at \$28.79 per barrel in overnight ACCESS trading, down \$0.99 per barrel from yesterday's closing price, on news of coalition forces continuing their drive northward. Additionally, analysts are expecting the U.S. weekly data for last week, which will be released this morning, to show a high level of imports, due primarily from increasing production levels from Venezuela and Saudi Arabia.

In U.S. product markets overnight, as of 7:45 am Wednesday, the near-month gasoline futures contract was at 89.00 cents per gallon, down 2.42 cents per gallon from yesterday's closing price, while the near-month heating oil futures contract was at 71.92 cents per gallon, down 2.17 cents per gallon from yesterday's closing price. Prices for both products are down in conjunction with the decrease in oil prices.

Other issues related to **world oil markets** include:

- **Algeria's** state-run oil and gas firm Sonatrach and its foreign partners announced that they have increased crude oil production by 25% at the country's Ourhoud field from 130,000 b/d two weeks ago to 162,000 b/d. Ourhoud, in the south-eastern Hassi Berkine basin, is Algeria's second largest crude field after Hassi Messaoud.
- A shortage of water and an equipment failure prevented firefighters on Monday (3/31) from quenching the last fires raging at sabotaged oil wells in one of **Iraq's** biggest oil fields. To increase their water supply, firefighters from Boots & Coots International Well Control and the Kuwait Oil Co were preparing lagoons in the desert Wednesday to extinguish the last two fires at sabotaged oil wells in Iraq's Rumaila South oil field.
- One tanker carrying 50,000-60,000 metric tons of **Jordanian fuel oil** - widely suspected to be of **Iraqi origin** - is transferring the oil to smaller vessels offshore Singapore, traders said Wednesday (4/2). Under the U.N. "Oil-for-Food" program, oil sales are allowed only in exchange for food and medicine, but the two fuel oil cargoes that arrived in Singapore and Malaysia don't fall into this category. The smaller ships are heading for southern China, and the fuel oil has been sold to Chinese power generators in Guangdong province, a Chinese trader said.
- Exxon Mobil said on Tuesday (4/1) it had resumed crude oil production from its 57,000 barrels per day offshore Seligi A platform at the Tapis oil field in **Malaysia**. The platform, located 156 miles off northeastern Terengganu state, had been shut down on March 20 following a pipeline leak.
- Despite assurances from the **Nigerian** armed forces that violent unrest has been brought under control, ChevronTexaco and Royal Dutch/Shell said they had no immediate plans to return to their evacuated facilities in the delta. West African crude trade was on hold on Tuesday (4/1) as the market awaited loading details for May Nigerian cargos. Traders said that Forcados cargos for April lifting were expected to be delayed by anything from just over a week to nearly a month.
- A Reuters survey estimated that **OPEC** 10 production increased by 1.77 million barrels per day in March to 26.45 million barrels per day. Saudi Arabia showed the largest increase, as Saudi production was estimated to have increased from 8.95 million barrels per day in February to 9.51 million barrels per day in March.
- Following attacks by Iraqi combatants disguised as civilians and the recent suicide bombing, the US Navy's Bahrain-based Maritime Liaison Office (Marlo) again warned all vessels and aircraft operating in the **Persian Gulf** area to stay clear of their warships. The war has pushed insurance costs for some large vessels docking in the Persian Gulf from the thousands into the millions of dollars. Nigel Brunning, managing director of marine hull insurance at broker Heath Lambert, said insurance premiums for ships going to the Gulf were now quoted at war-risk rates of between 3.5 to 5 per cent against the industry standard rate of about 0.05 per cent. Mr Brunning said this equated to an annual premium of about \$15 million per vessel. The ongoing conflict has pushed war risk insurance premiums for ships bound for Iraq to as much as 7.5-12 per cent of the value of a vessel's hull and machinery, according to a report in Lloyd's List. During the 1991 Gulf War, rates hovered around 5 per cent. During the Iraq-Iran war in the early 1980s, marine insurance rates shot up to 10 per cent.
- At the **Turkish** port of Ceyhan, 8.3 million barrels of Iraqi oil worth nearly \$200 million are in storage waiting to be sold. Potential buyers have been driven away because they are unable to buy the oil legally without approval of UN-authorized monitors. UN diplomats and officials say employees of the Iraq oil company stationed in Turkey have been unable to contact their counterparts in Baghdad to gain the paperwork needed for the approval. With the storage tanks almost full, the reduced flow of oil through Iraq's northern pipeline will stop and the wells supplying it shut down.
- As of April 2, 2003, the [U.S. Strategic Petroleum Reserve \(SPR\)](#) contained 599.3 million barrels of oil. The SPR has a maximum drawdown capability of 4.3 million bbl/d for 90 days, with oil beginning to arrive in the marketplace 15 days after a presidential decision to initiate a drawdown. The SPR drawdown rate declines to 3.2 million bbl/d from days 91-120, to 2.2 million bbl/d for days 121-150, and to 1.3 million bbl/d for days 151-180.

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Latest Oil Supply Disruption Information

(updated April 2, 2003)

For the time being, EIA is assuming that the flow of Iraqi oil exports has been stopped for the most part. Combined with other lost oil production from Iran's Soroosh field, the gross Middle Eastern oil supply disruption is estimated at 1.9-2.0 million barrels per day (bbl/d). Meanwhile, Nigeria is experiencing a gross oil supply disruption of about 800,000 barrels per day. In total, around 2.7-2.8 million bbl/d of oil production from Iraq and Nigeria is currently offline, with remaining OPEC spare production capacity estimated at 0.8-1.3 million bbl/d.

Major Gross Oil Supply Disruptions (million barrels per day)		
	3/19/03	Latest (4/2/03)
Middle East*	1.8	1.9-2.0
Nigeria	0.0	0.8
TOTAL	1.8	2.7-2.8
*The Middle Eastern gross oil supply disruption is based on the loss of Iraqi exports from the UN "oil-for-food" program, which averaged 1.73 million bbl/d in February 2003, plus around 200,000 bbl/d of "illegal" oil exports through Syria and Jordan, plus the loss of 60,000 bbl/d resulting from Shell's shutdown of its Soroosh oil field in Iran's northern Gulf.		

World Oil Supply (million bbl/d)		
	Prior to Disruption March 2003 (Base Case)	Latest Estimate
OPEC-10 Production	25.3	26.3
Iraqi Production	2.3	N.A.
Surplus Capacity	1.5-2.0	0.8-1.3
Note: For a more detailed analysis of OPEC production prior to disruption, see EIA's OPEC Fact Sheet . For an overview of the Iraqi oil sector, see EIA's Iraq Country Analysis Brief .		

Price Movements			
Daily Price Information	Week Prior (3/12)	Day #1 (3/19)	Latest (4/1)
WTI Futures Price (\$/bbl)	37.83	29.88	29.78
U.S. Weekly Price Survey	Monday Prior (3/17)	Week #1 (Monday 3/24)	Latest (Monday 3/31)
Retail Regular Gasoline (cents/gallon)	172.8	169.0	164.9
Note: EIA collects a national survey of regular retail gasoline prices every Monday. The current oil supply disruption is not the only factor affecting prices. For more information concerning EIA price statistics and analysis, see: This Week in Petroleum .			

OPEC Crude Oil Production ¹ (Thousand barrels per day)					
LAST UPDATED 4/02/03	November 2002 Production	March 2003 Production	Current Production	Current Production Capacity ²	Current Surplus Capacity
Algeria	938	1,100	1,200	1,200	0
Indonesia	1,100	1,060	1,050	1,050	0
Iran	3,500	3,690	3,690	3,750	60
Kuwait ⁴	1,940	2,400	2,450 ³	2,450 ³	0
Libya	1,350	1,400	1,400	1,400	0
Nigeria	2,000	1,800	1,400	1,400	0
Qatar	695	750	750	850	100
Saudi Arabia ⁴	8,100	9,500	9,600	10,000-10,500 ⁵	400-900 ⁵
UAE	2,000	2,300	2,300	2,500	200
Venezuela ⁴	2,922	2,300	2,500	2,500	0
OPEC 10 Crude Oil Total	24,545	26,300	26,340	27,100-27,600 ⁵	760-1,260 ⁵
Iraq	2,390	1,350	N.A.	N.A.	0
OPEC Crude Oil Total	26,935	27,650	26,340	27,100-27,600 ⁵	760-1,260 ⁵

NA: Not Available
1 Crude oil does not include lease condensate or natural gas liquids.
2 Maximum sustainable production capacity, defined as the maximum amount of production that: 1) could be brought online within a period of 30 days; and 2) sustained for at least 90 days.
3 Current Kuwaiti production includes surge production in excess of maximum sustainable levels. The Kuwaiti capacity number reflects this surge production.
4 Kuwaiti and Saudi Arabian figures each include half of the production from the Neutral Zone between the two countries. Saudi Arabian production also includes oil produced from its offshore Abu Safa field on behalf of Bahrain.
5 The amount of Saudi Arabia's spare capacity that can be brought online is shown as a range between 0.4 and 0.9 million bbl/d.
6 Venezuelan capacity and production numbers exclude extra heavy crude oil used to produce Orimulsion.

Top World Oil Net Exporters, 2002*		
	Country	Net Exports (million barrels per day)
1)	Saudi Arabia	6.76
2)	Russia	5.03
3)	Norway	3.14
4)	Iran	2.30
5)	Venezuela	2.26
6)	United Arab Emirates	1.95
7)	Nigeria	1.85
8)	Kuwait	1.73
9)	Mexico	1.69
10)	Iraq	1.58
11)	Algeria	1.27
12)	Libya	1.16

*Table includes all countries with net exports exceeding 1 million barrels per day in 2002.

During 2002, roughly half of U.S. crude oil imports came from the Western Hemisphere (18% from Canada, 16% from South America, 12% from Mexico, 1% from the Caribbean), while approximately one-fifth came from the Persian Gulf region (15% from Saudi Arabia, 4% from Iraq, 2% from Kuwait).

In general, OECD Europe depends far more heavily on the Persian Gulf and North Africa for oil imports than does the United States. Japan receives over three-quarters of its oil supplies from the Persian Gulf (mainly the UAE, Saudi Arabia, Kuwait, Iran, and Qatar) with the remainder coming from Indonesia, China, and other sources.

Major Sources of U.S. Net Petroleum Imports, 2002* (all volumes in million barrels per day)			
	Total Net Oil Imports	Net Crude Oil Imports	Net Petroleum Product Imports
Canada	1.83	1.42	0.41
Saudi Arabia	1.55	1.52	0.03
Venezuela	1.37	1.20	0.17
Mexico	1.28	1.49	-0.21
Nigeria	0.60	0.57	0.03
United Kingdom	0.47	0.41	0.06
Iraq	0.44	0.44	0.00
Norway	0.38	0.34	0.04
Angola	0.33	0.32	0.01
Net Imports	10.38	9.04	1.34

* Table includes all countries from which the U.S. imported more than 300,000 barrels per day of total oil in 2002.

Having provided this information, it is important to stress that oil is a "fungible" (interchangeable, traded on a world market) commodity, that a disruption of oil flows anywhere will affect the price of oil everywhere, and that the specific suppliers of oil to a particular country or region are not of enormous significance, at least from an economic point of view.

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Latest U.S. Weekly EIA Petroleum Information

(last complete update: March 27, 2003)

Click [here](#) for the latest U.S. weekly data on petroleum supply and demand.

Petroleum Inventories

With the high level of imports seen last week, U.S. commercial crude oil inventories (excluding those in the Strategic Petroleum Reserve) increased by 3.7 million barrels. However, with crude oil refinery inputs relatively unchanged, inventories for both major petroleum products were mixed. Distillate fuel inventories increased by 2.3 million barrels, with almost all of the increase in low-sulfur distillate fuel (diesel fuel). But, motor gasoline inventories fell by 2.1 million barrels last week and remain below the low end of the normal range. As of March 21, total commercial petroleum inventories are 124.9 million barrels less than last year at this time.

Propane Inventories Post Small Build

Last week's modest stockbuild may have signaled the end of winter with U.S. inventories of propane gaining 0.8 million barrels to end the week of March 21, 2003 at an estimated 19.0 million barrels. The relatively small gain pushed inventories slightly above the Lower Operational Limit (LOI) that was previously breached for the first time ever on March 14, 2003. Moreover, the weekly stock gain spanned across all regions with inventories in the East Coast posting a 0.1 million barrel increase, while inventories in the Midwest showed a gain that was less than 0.1 million barrels last week. Inventories in the Gulf Coast showed the largest weekly gain of nearly 0.6 million barrels during this period. Nevertheless, if last week's stockbuild marks the beginning of the spring/summer seasonal build that typically stretches through September, U.S. inventories of propane would require a stockbuild measuring more than 40 million barrels to reach the 60 million barrel level that most industry observers believe is adequate prior to the winter heating season.

Petroleum Imports

U.S. crude oil imports averaged nearly 9.7 million barrels per day last week, the largest amount since the week ending December 6, 2002 and the first week the average has exceeded 9 million barrels per day since the week ending December 20, 2002. Crude oil imports have averaged 8.7 million barrels per day over the last four weeks, which is barely above the level averaged over the same period last year. Although the origins of weekly crude oil imports are very preliminary and thus not published, crude oil imports from Venezuela last week seemed to have returned to normal levels for the first time since the week ending December 6, 2002. Total motor gasoline imports (including both finished gasoline and gasoline blending components) averaged 1 million barrels per day last week, while distillate fuel imports averaged 500,000 barrels per day.

Monthly data on the origins of U.S. crude oil imports in January 2003 has been released and it shows that three countries each exported more than 1.5 million barrels per day of crude oil to the United States (see table below). The top sources of U.S. crude oil imports in January 2003 were: Saudi Arabia (1.820 million barrels per day), Canada (1.621 million barrels per day), and Mexico (1.566 million barrels per day). This is the largest monthly amount of crude oil imported from Saudi Arabia since August 2001. Rounding out the top ten sources, in order, were Nigeria (0.798 million barrels per day), Iraq (0.600 million barrels per day), United Kingdom (0.411 million barrels per day), Venezuela (0.399 million barrels per day), Angola (0.245 million barrels per day), Kuwait (0.134 million barrels per day), and Colombia (0.120 million barrels per day). Imports from Venezuela were at their lowest level since February 1989, as Venezuelan exports were severely curtailed for much of the month following the general strike in that country. Total crude oil imports averaged 8.547 million barrels per day in January, a decline of nearly 100,000 barrels per day from December, and represents the lowest level since February 2000. The top three origins accounted for nearly 59 percent of these U.S. crude oil imports in January, while the top ten sources accounted for 90 percent of all U.S. crude oil imports.

Refinery Inputs and Production

U.S. crude oil refinery inputs fell slightly to 14.7 million barrels per day during the week ending March 21. Despite crude oil input to refineries remaining relatively flat, there were changes in the level of refinery production by product. Jet fuel production increased by about 100,000 barrels per day, while distillate fuel production fell by more than 200,000 barrels per day. Motor gasoline production remained relatively flat.

Petroleum Demand

Total product supplied over the last four-week period averaged 20.1 million barrels per day, or about 3.1 percent more than the same period last year. Over the last four weeks, motor gasoline demand is up 0.3 percent, and distillate fuel demand is up 11.9 percent compared to the same period last year. Kerosene-type jet fuel demand is 1.4 percent greater than last year over the latest four-week period.

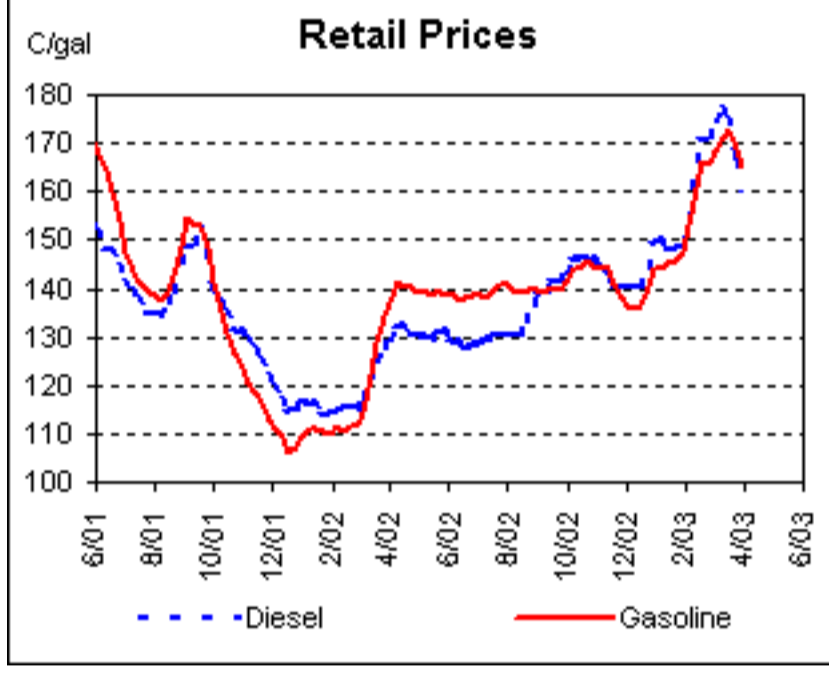
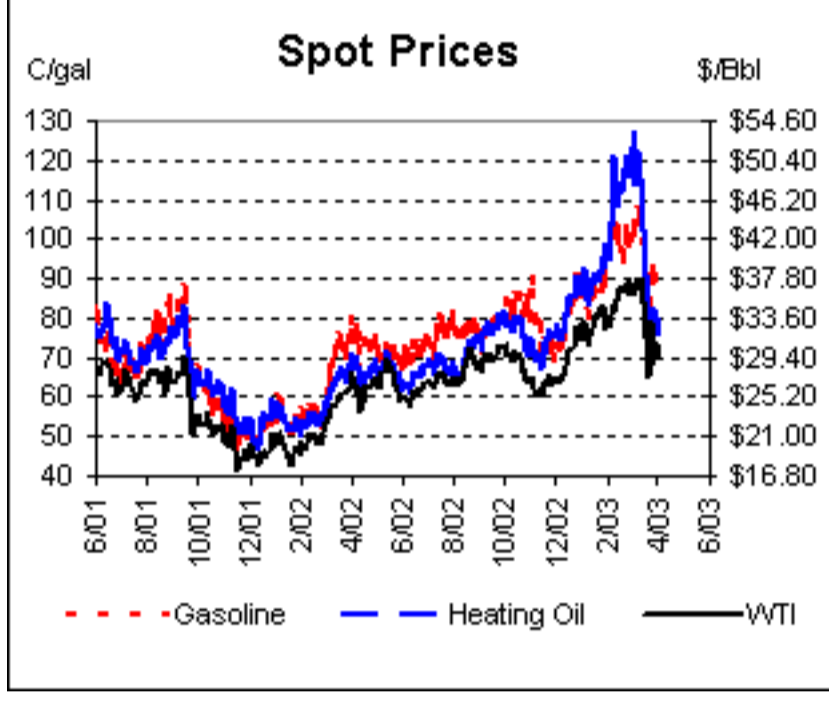
U.S. Retail Gasoline Price Decreases by Almost 4 Cents (updated April 1, 2003)

The U.S. average retail price for regular gasoline fell last week for the second week in a row. Prices dropped by 4.1 cents per gallon as of March 31 to hit 164.9 cents per gallon, which is still 27.8 cents per gallon higher than a year ago. This is the largest one-week price decrease since prices fell by 4.4 cents on October 22, 2001. The decline reflects, in part, the reduction in crude oil prices recently. Prices were down throughout the country, with the largest decrease occurring in the Midwest, where prices fell 7.4 cents to end at 152.4 cents per gallon. California prices remained above \$2 per gallon for the fifth week in a row, decreasing to 213.0 cents per gallon.

Average prices for the West Coast also stayed above the \$2 per gallon mark, at 202.1 cents per gallon on March 31. Retail diesel fuel prices decreased for the third consecutive week, falling 6.0 cents per gallon to a national average of 160.2 cents per gallon as of March 31. Recent price decreases can be largely attributed to increases in supply that have exceeded demand for diesel. Retail diesel prices were down throughout the country, with the largest price decrease occurring in the Midwest, where prices fell 7.0 cents per gallon to end at 152.6 cents per gallon. Prices in New England remained the highest in the nation, although they declined by 6.9 cents to 182.3 cents per gallon.

U.S. Petroleum Prices

(updated April 2, 2003)



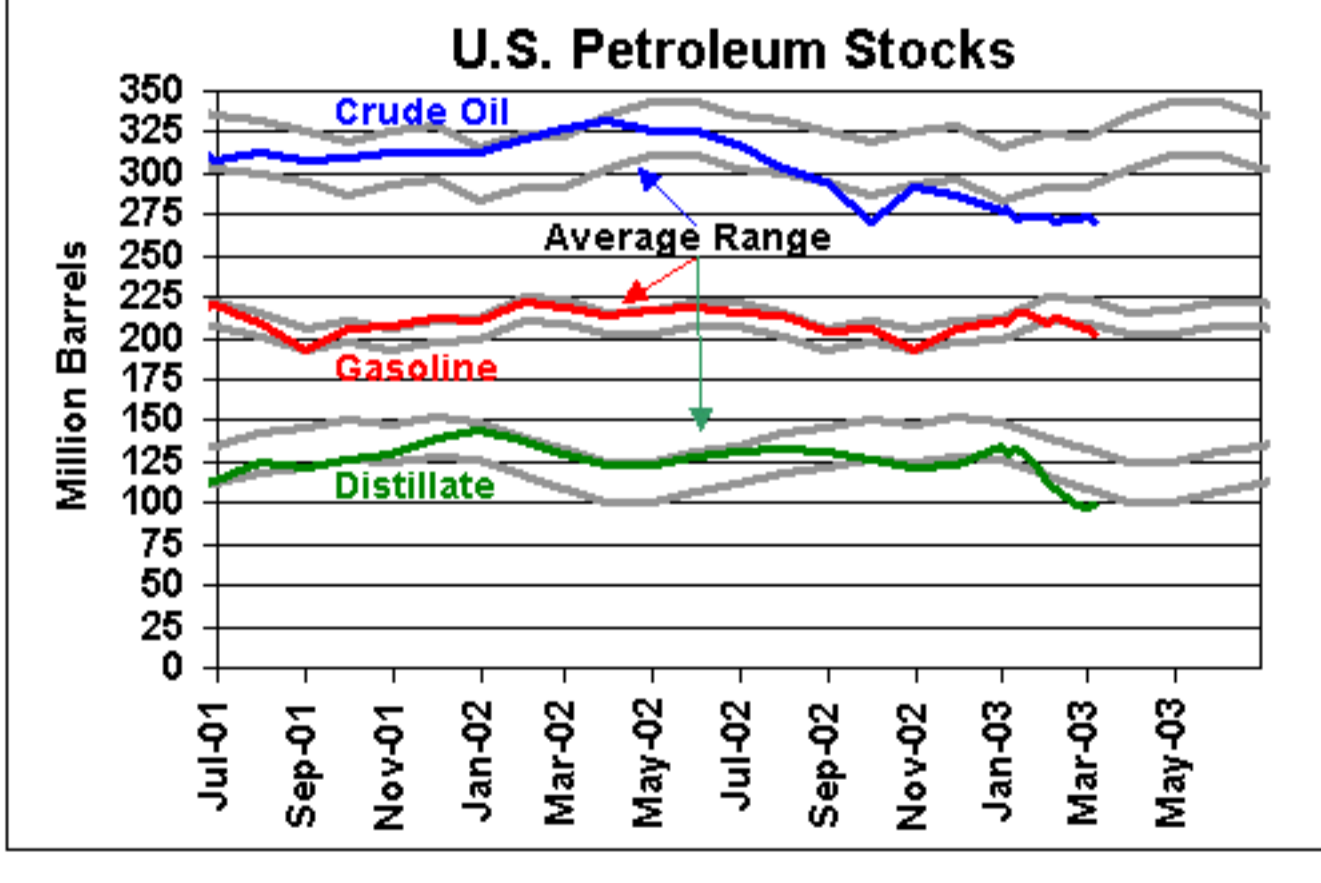
Crude Oil and Oil Products Price Table

Date	WTI Crude Oil		Gasoline		Heating Oil		Kerojet	Propane		EIA Weekly Retail	
	Spot	Futures	Spot	Futures	Spot	Futures	Spot	Spot	Spot	US Average	
	Cushing		NYH		NYH		NYH	Mt. Belvieu	Conway	Gasoline	Diesel
	\$/bbl	\$/bbl	cents per gallon		cents per gallon		c/gal	cents per gallon		cents per gallon	
2/12/2003	\$35.83	\$35.77	100.85	103.36	108.58	103.05	108.51	64.50	64.50		
2/13/2003	\$36.63	\$36.36	100.48	103.14	110.28	105.28	110.53	62.75	61.88		
2/14/2003	\$36.61	\$36.80	98.48	102.23	112.70	106.07	113.70	64.69	62.75		
2/17/2003	NA	NA	NA	NA	NA	NA	NA	NA	NA	166.0	170.4
2/18/2003	\$36.88	\$36.96	96.78	99.45	113.24	106.54	114.54	64.69	62.75		
2/19/2003	\$37.02	\$37.16	97.00	100.22	116.73	109.93	117.93	67.13	64.13		
2/20/2003	\$36.45	\$36.79	94.08	96.58	112.40	105.87	115.90	68.75	68.00		
2/21/2003	\$36.76	\$35.58	98.75	101.28	117.00	110.85	120.50	72.00	69.25		
2/24/2003	\$37.29	\$36.48	102.93	104.75	120.73	114.67	123.60	81.00	73.25	165.8	170.9
2/25/2003	\$36.06	\$36.06	98.48	100.78	115.50	112.26	119.25	94.50	81.50		
2/26/2003	\$37.96	\$37.70	99.63	101.83	119.00	115.49	122.75	105.00	87.50		
2/27/2003	\$36.83	\$37.20	99.40	101.80	117.90	115.43	120.40	110.50	101.00		
2/28/2003	\$36.76	\$36.60	101.20	103.77	122.25	125.59	124.50	127.50	89.50		
3/3/2003	\$36.10	\$35.88	102.05	109.48	126.88	103.60	127.75	77.44	70.25	168.6	175.3
3/4/2003	\$36.95	\$36.89	103.61	111.22	118.35	104.86	121.35	75.75	66.75		
3/5/2003	\$36.86	\$36.69	102.10	110.09	117.13	104.39	112.26	72.25	62.38		
3/6/2003	\$37.21	\$37.00	103.03	110.60	114.03	105.56	114.03	70.50	61.75		
3/7/2003	\$37.76	\$37.78	107.80	115.67	121.00	110.85	119.63	70.44	63.00		
3/10/2003	\$37.18	\$37.27	106.20	112.82	120.75	108.57	117.88	68.00	60.50	171.2	177.1
3/11/2003	\$36.81	\$36.72	103.70	109.87	116.60	103.02	114.10	65.38	58.25		
3/12/2003	\$37.87	\$37.83	105.08	111.39	115.45	103.52	112.45	64.50	57.38		
3/13/2003	\$36.05	\$36.01	99.38	105.77	106.84	96.71	103.84	62.50	54.94		
3/14/2003	\$35.41	\$35.38	98.75	104.04	102.30	94.07	98.55	60.13	53.25		
3/17/2003	\$34.92	\$34.93	95.97	102.71	95.70	91.57	92.95	61.63	56.50	172.8	175.2
3/18/2003	\$31.55	\$31.67	91.10	96.19	90.45	85.78	90.20	59.38	52.38		
3/19/2003	\$30.01	\$29.88	89.39	94.25	88.55	83.61	88.30	58.38	53.19		
3/20/2003	\$28.62	\$28.61	85.85	90.99	88.00	82.44	87.50	57.88	53.50		
3/21/2003	\$27.18	\$26.91	80.10	85.25	78.75	75.56	79.75	55.25	53.69		
3/24/2003	\$29.51	\$28.66	84.58	89.79	80.45	78.37	82.70	56.63	54.75	169.0	166.2
3/25/2003	\$33.42	\$27.97	83.25	88.49	75.85	73.49	76.85	57.00	54.75		
3/26/2003	\$28.71	\$28.63	88.75	92.42	75.55	74.41	76.05	55.38	53.25		
3/27/2003	\$30.31	\$30.37	92.75	97.47	81.00	81.15	81.75	54.75	52.07		
3/28/2003	\$30.21	\$30.16	91.05	95.39	82.08	83.25	83.70	52.63	51.82		
3/31/2003	\$31.14	\$31.04	90.92	94.44	79.62	79.24	80.12	51.82	49.94	164.9	160.2
4/1/2003	\$29.48	\$29.78	86.24	91.42	75.78	74.09	76.65	50.38	49.63		

Source: Spot and futures closing quotes as reported by Reuters News Service, retail prices reported by EIA

U.S. Petroleum Supply

(Thousand Barrels per Day)	Four Weeks Ending		vs. Year Ago	
	3/14/2003	3/14/2002	Diff.	% Diff.
Refinery Activity				
Crude Oil Input	14,502	14,357	145	1.0%
Operable Capacity	16,800	16,785	15	0.1%
Operable Capacity Utilization (%)	87.3%	86.9%	0.4%	
Production				
Motor Gasoline	7,979	8,107	-128	-1.6%
Jet Fuel	1,416	1,474	-58	-3.9%
Distillate Fuel Oil	3,667	3,422	245	7.2%
Imports				
Crude Oil (incl. SPR)	8,330	8,646	-316	-3.7%
Motor Gasoline	769	767	2	0.2%
Jet Fuel	112	97	15	15.8%
Distillate Fuel Oil	522	235	287	122.4%
Total	10,901	10,856	45	0.4%
Exports				
Crude Oil	10	6	4	70.7%
Products	933	991	-58	-5.9%
Total	943	998	-55	-5.5%
Products Supplied				
Motor Gasoline	8,664	8,642	22	0.3%
Jet Fuel	1,472	1,544	-72	-4.7%
Distillate Fuel Oil	4,343	3,730	613	16.4%
Total	20,083	19,494	589	3.0%
Stocks (Million Barrels)				
	3/14/2003	3/14/2002	Diff.	% Diff.
Crude Oil (excl. SPR)	270.2	328.8	-58.6	-17.8%
Motor Gasoline	201.1	216.2	-15.1	-7.0%
Jet Fuel	39.5	41.3	-1.8	-4.4%
Distillate Fuel Oil	97.2	127.1	-29.9	-23.5%
Total (excl. SPR)	882.2	1,013.4	-131.2	-12.9%



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.

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● [Key Iraqi Oil Infrastructure Information](#) (*March 24, 2003*)

A summary of the most important information related to Iraq's oil reserves, oil fields, wells, production capacity, export infrastructure, refining sector, and post-war development plans.

● [Oil Market Status Prior to Iraq Disruption](#) (*March 20, 2003*)

An overview of the world oil situation prior to the current warfare in Iraq. Attempts to answer the question: "how did we get to this point, and what may happen next?"

● [Past Oil Supply Disruptions](#) (*March 18, 2003*)

A historical review of major past oil supply disruptions, including the 1973 Arab oil embargo, the 1979 Iranian Revolution, the 1980 outbreak of the Iran-Iraq War, and the 1990-1991 Gulf War.

● [Basic Facts on Venezuela](#) (*December 17, 2002*)

A fact sheet on Venezuela, providing historical oil production and export information, as well as a table showing US dependency on Venezuelan oil imports.

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Special Topic Reports: Past Oil Supply Disruptions

[Historical Comparison: Arab Oil Embargo \(10/73\)](#)

[Historical Comparison: Iranian Revolution \(10/78\)](#)

[Historical Comparison: Iran/Iraq War Outbreak \(9/80\)](#)

[Historical Comparison: Gulf War Outbreak \(8/90\)](#)

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Special Topics: The War's Impact on Gasoline Prices (March 25, 2003)

As of Monday, March 24, EIA's weekly survey of retail gasoline prices showed the U.S. average price for regular grade at \$1.690 per gallon, down from \$1.728 per gallon the previous week, the highest nominal (not inflation-adjusted) national average price on record. With prices this high, and months to go before the summer driving season (traditionally the time of highest gasoline demand and prices), many people are understandably concerned about the potential impact on gasoline prices of the war in Iraq. Some also note the wide variations in crude oil and wholesale gasoline prices from week to week, or even day to day, and wonder how quickly increases (or reductions) can be expected to show up at the pump.

The effect of the war on prices for crude oil and petroleum products, including gasoline, is likely to depend mostly on how events unfold, particularly in terms of the scope and duration of any interruption to world oil supplies. The commencement of military action has to date affected oil production only in and near the combat region. For the time being, EIA is assuming that the flow of legal Iraqi oil exports has been effectively stopped. Kuwait has reportedly reduced production at certain northern oil facilities, but offset this with increases elsewhere, yielding no net change. Iran has reportedly shut in production from its offshore Soroosh field in the Persian Gulf. In total, the gross Middle Eastern oil supply disruption is estimated at 1.8 million barrels per day (MMBD). (This estimate is prior to excess production capacity being brought online by other countries). At present, promises of increased supplies from OPEC, especially Saudi Arabia, appear to be perceived by markets as sufficient to offset the temporary loss of Iraqi (and some Kuwaiti and Iranian) production, as evidenced by price movements to date. In fact, after rising nearly 50 percent since mid-November 2002, reflecting both tight global supplies and uncertainty over the possibility of war, prices fell as much as \$10 per barrel in just over a week leading up to, and including, the first few days of battle.

In addition to the war in Iraq, other events continue to have substantial impact on world oil markets. Oil exports from Venezuela, a major exporter and OPEC member, remain at reduced levels as that country continues to recover from a general strike that began in early December 2002. Though official and unofficial estimates vary, Venezuelan production continues to run as much as 600,000 barrels per day lower than pre-strike levels. More recently, civil unrest in portions of Nigeria has reduced crude oil production from that OPEC member country by about 900,000 barrels per day. Problems in both of these countries have disproportionate effects on the United States, because they are among the relatively "short-haul" Atlantic Basin crude oil sources favored by refiners on the U.S. East and Gulf Coasts.

Higher crude oil prices exert upward influence on gasoline prices in two ways: a direct pass-through to all petroleum products, because crude oil is the primary feedstock to refineries; and inflation of refinery margins, because of the secondary effects of crude oil prices on refinery economics. Increases or decreases in crude oil prices, which are dependent on global supply and demand, translate almost instantly into changes in wholesale petroleum product prices, particularly in the spot and futures markets. (Each \$1-per-barrel change in crude oil prices equates to a change in product prices of about 2.4 cents per gallon).

The other major component of gasoline price changes impacted by crude oil is refining margins, the difference between product prices and crude oil prices. When the supply/demand balance for a product is tighter than that for crude oil, refining margins are pushed higher. The balance can tighten because of rising demand, reduced production or imports, or a combination of these. This has recently been the case due to low U.S. crude oil inventories, which have begun to constrain refinery runs, in addition to reduced gasoline imports related to the Venezuelan strike. Additionally, high crude oil prices are often accompanied by "backwardation" in futures markets, where prices for commodities to be delivered in later months are lower than those for immediate delivery. Such a situation provides a disincentive for refiners to purchase and refine high-priced crude oil now, to be delivered as lower-priced products later.

The two components discussed above, crude oil prices and refining margins, add up to the spot market price of gasoline. Changes in spot prices are passed through to retail prices over a period of weeks, with about two-thirds of the impact of spot price changes arriving at the retail level within two weeks. Thus, unless counteracted by other influences more specific to gasoline, changes in crude oil prices can be expected to show up in retail gasoline prices, at the rate of about 2½ cents per gallon of gasoline for each \$1 per barrel in crude oil price, within a matter of weeks. Because this "pass-through" of price changes from crude oil to wholesale and then retail gasoline markets is relatively consistent, EIA has found that near-term retail gasoline prices can be predicted with accuracy using recent spot price data.

When will last week's \$10-per-barrel drop in crude oil prices show up at the gasoline pump? The answer lies in the lagging nature of price pass-through, and is not as simple as it may sound. Because the impact of a sudden change in spot prices is passed through to retail markets over a period of weeks, there can often be conflicting influences being passed through at the same time, especially when wholesale prices have quickly reversed direction. The current situation is a perfect case in point: gasoline spot prices had only peaked two weeks ago, so a portion of last week's sharp spot price decline, along with a lagging part of the previous increase, were both contributing to retail price movements this week. As a result, the downward movement was partially offset by the upward, yielding a net retail price decline of 3.8 cents per gallon for the week (note: this refers to the national average retail price for regular gasoline; prices can vary considerably on a regional basis because of differing logistical costs and product specifications).

Although it is impossible to predict spot market behavior over the coming weeks, it is likely that we will continue to see some conflicting influences on retail gasoline prices as the spring proceeds.

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Definitions

Petroleum

WTI – West Texas Intermediate (for the purposes of this table, prices provided are near month futures price) Cushing OK.

Bbl – Barrel (42 gallons).

C's – cents.

Natural Gas

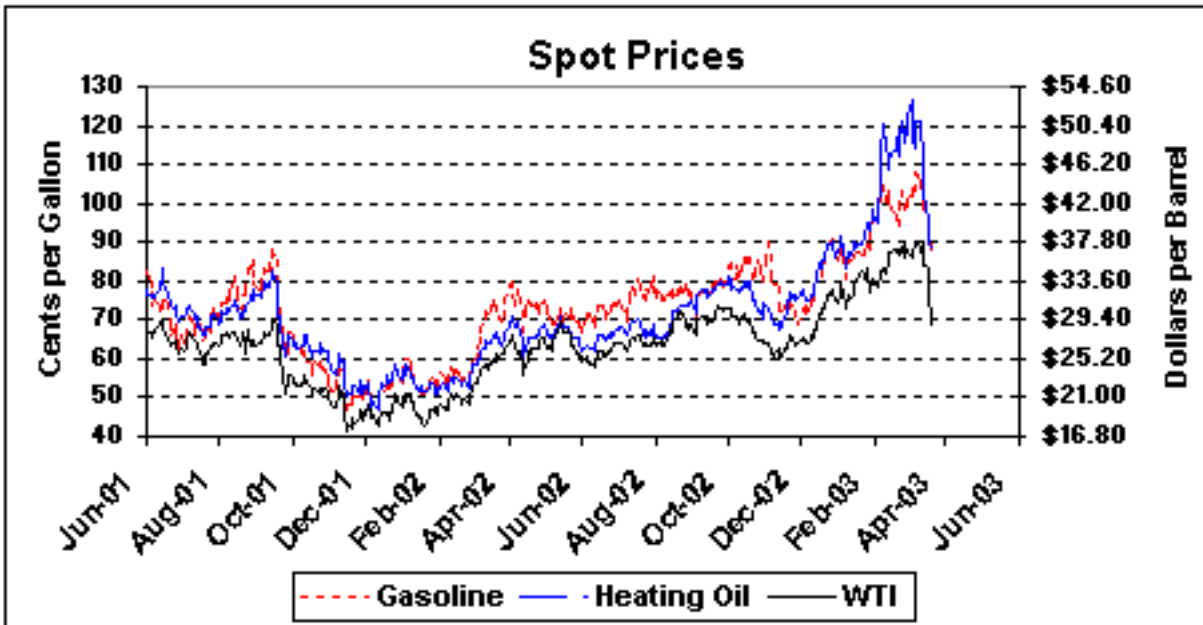
Henry Hub – A pipeline hub on the Louisiana Gulf coast. It is the delivery point for the natural gas futures contract on the New York Mercantile Exchange (NYMEX).

Electricity

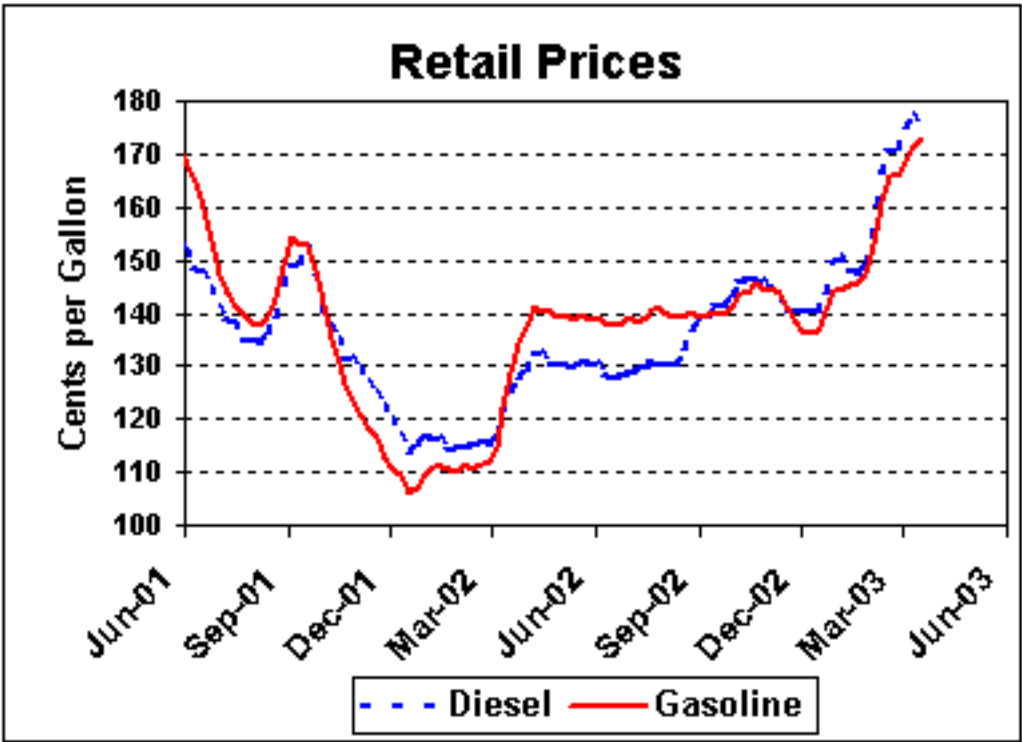
COB – average price of electricity traded at the California-Oregon and Nevada-Oregon border.

Palo Verde - average price of electricity traded at Palo Verde and West Wing Arizona.

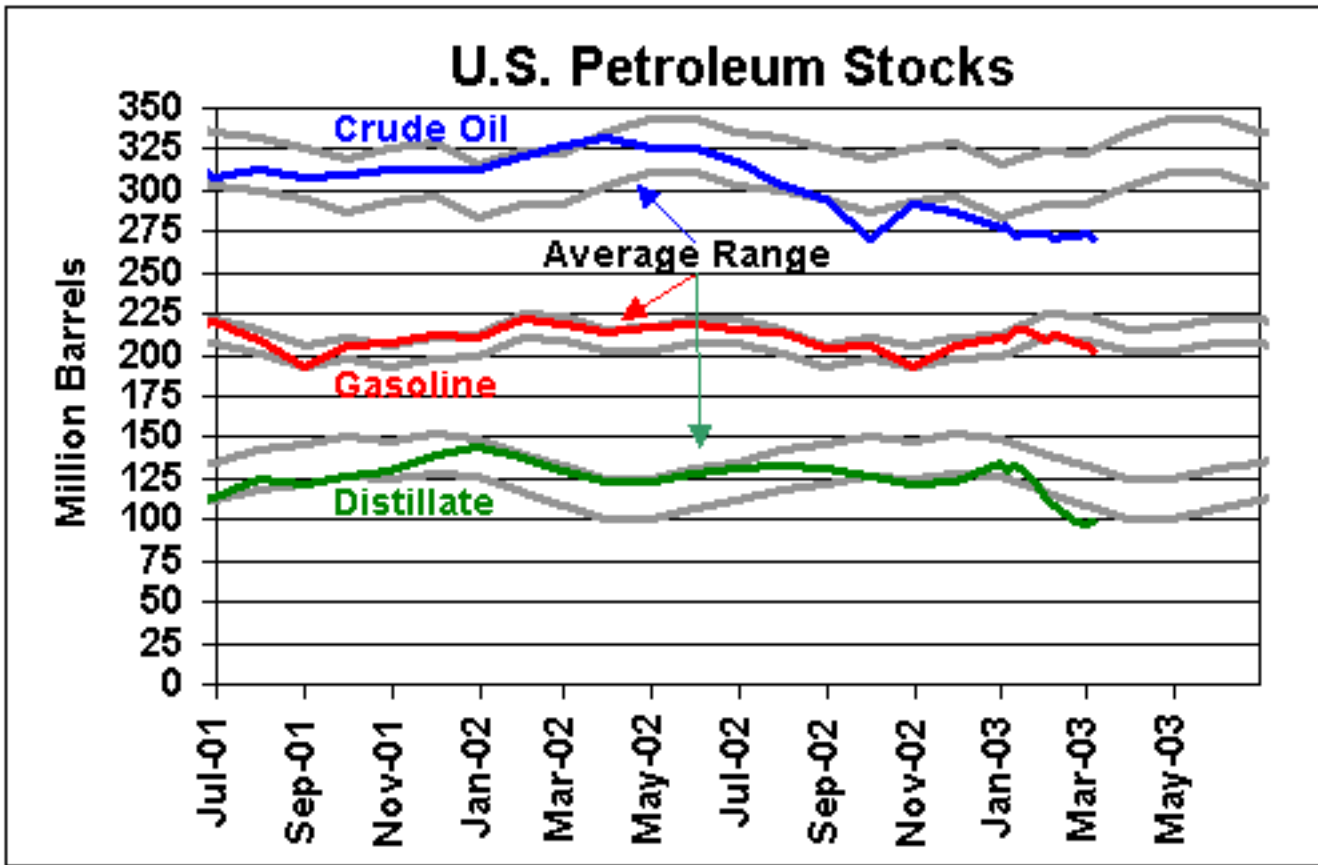
Average - average price of electricity traded at all locations.



Source: Closing quote as reported by Reuters News Service



Source: Energy Information Administration (EIA)



Source: Energy Information Administration, Weekly Petroleum Status Report, Petroleum Supply Monthly.